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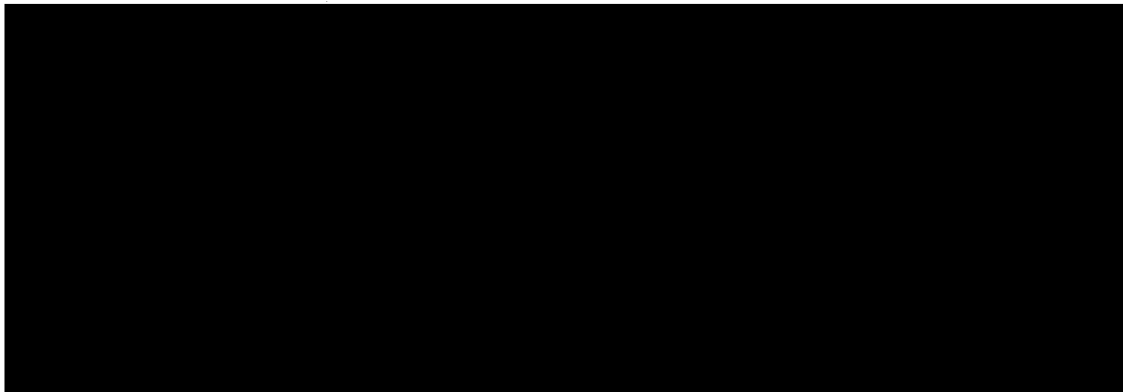
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However, it should be noted that Soviet accounting typically fails to include all costs, especially capital costs.

2. At the current official rate of exchange, the ruble cost cited above for gold mining in the USSR -- which we believe are understated -- was about \$69 per troy ounce in 1960 and at the present time probably is on the order of about \$60 per troy ounce.

3. While we have no knowledge of what the appropriate ruble dollar conversion rate should be for gold mining, we judge that these dollar figures are more likely to be low than high, reflecting the comparative inefficiency of gold mining in the USSR. Thus, the Soviets clearly expend more resources per ounce of gold mined than do we.

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14 October 1963

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